targeted date. Moreover, decision to disinvest is based on considerations like classification of industry as strategic or non-strategic and not on considerations like profitability. Disinvestment in profitable or non-profitable public enterprise is aimed at optimal utilisation of capital, better corporate governance, reduction in commercial risk of tax-payers' money, release of scarce resources for deployment in social sectors like family welfare, health, education and other sectors of greater public interest. It is always ensured that the best price determined by the market forces is obtained for the stake being disinvested. It is a fact that Government of India does not disinvest in distress to meet any deadlines. Under the circumstances, the companies earmarked for disinvestment in earlier years are carried over to the next year disinvestment plan and annual receipts may fall much short of the annual targets. For all these reasons, the receipts obtained during the period of Ninth Five Year Plan have fallen short of the target.

(c) and (d) The proposal to set up a fund with the proceeds from disinvestment has been raised from time to time. Disinvestment Commission also recommended setting up of a Disinvestment Fund. This issue has also been examined and the current thinking of the Government is not in favour of setting up such an exclusive fund.

Disinvestment of VSNL

2217. MISS MABEL REBELLO: Will the Minister of DISINVESTMENT be pleased to state:

(a) whether Government have recently disinvested VSNL to the Tata Group of Industries at Rs. 202/-per share;

(b) whether this involves the cost of land as well;

(c) if not, the original share-holders should not be compensated for the segregation of land by Government;

(d) if so, whether VSNL shares were sold at very cheap prices; and

(e) whether VSNL would be able to earn as much money as it was earning under the public sector?

THE MINISTER OF DISINVESTMENT (SHRI ARUN SHOURIE): (a) Yes, Sir.

(b) As a part of the process of disinvestment, the transaction in VSNL incorporates a suitable clause for demerger of surplus land available with the company into a new company. The decision to separate surplus land from VSNL through demerger process was taken in order to protect the interests of various stakeholders, as the company did not require the identified surplus land due to factors like change in technology etc. The bid price was on the basis of the shareholder/share purchase agreement incorporating the demerger provisions.

(c) Every shareholder of VSNL will get proportionate shareholding in the new demerged company.

(d) The bid price of Rs. 202 per share was at a premium of about 18 per cent over the reserve price and about 40 per cent over the average market price as at the time of sale. Therefore, the question of selling VSNL shares at cheap price does not arise.

(e) The future earning potential of VSNL would depend upon several parameters like end of its monopoly over international telephony, the entry of other providers—like the laying of the Bharti-Singtel Undersea Cable and other market forces, inherent strength of the company, changes in technology etc.

Strategic sale of BSNL

2218. SHRI NILOTPAL BASU: Will the Minister of DISINVESTMENT be pleased to state:

(a) whether Government have decided to go for strategic sale of BSNL;

(b) if so, the details thereof;

(c) whether the privatisation of VSNL and the fact that VSNL itself is having a licence as a NLD operator has put the future revenue earning potential of BSNL from incoming international long distance telephone traffic into jeopardy and thereby will depress the valuation of BSNL;